

News

U.S. Department of Labor
Bureau of Labor Statistics
PO Box 193766
San Francisco, CA 94119-3766



CONTACT:

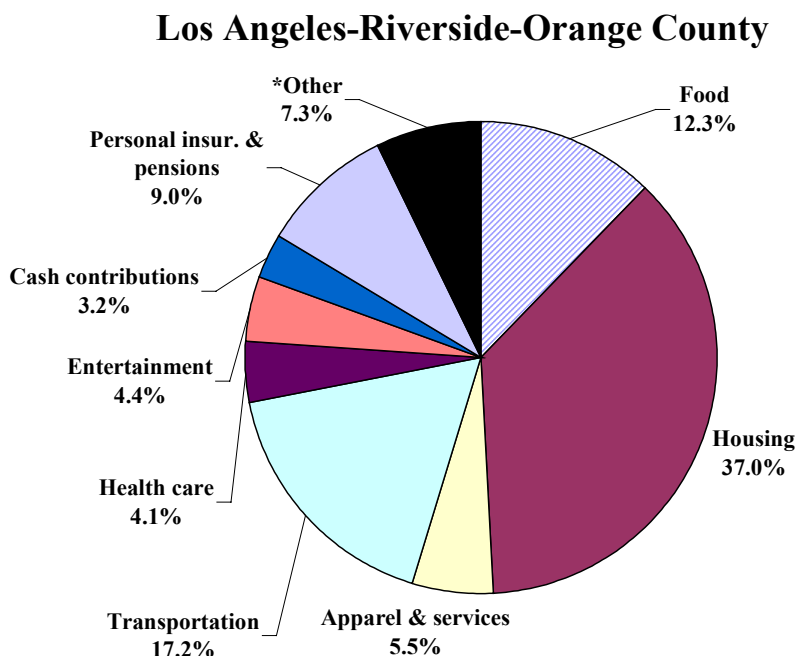
Stanley P. Stephenson (415) 975-4373
Nancy A. Treadwell (415) 975-4403
Internet address: <http://www.bls.gov/ro9/ro9news.htm>
Fax-On-Demand (415) 975-4567 -- Code 9755

BLS 02-08
FOR RELEASE:
Tuesday, February 5, 2002

CONSUMER SPENDING PATTERNS IN LOS ANGELES-RIVERSIDE-ORANGE COUNTY, 1999-2000

Consumer units¹ in the Los Angeles-Riverside-Orange County, California metropolitan area spent \$44,748 per year in 1999-2000, about 19 percent more than the national average according to the latest results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Regional Commissioner Stanley P. Stephenson noted that Los Angeles area households spent well above the national average in most major expenditure categories. In Los Angeles, housing expenses were 35.8 percent higher than that for the nation, driven by the high cost for shelter. Spending on apparel and services was also notably higher than the national expenditure at 34.9 percent above the norm. The average household in Los Angeles reported income of \$52,776 before taxes, and was comprised of 2.8 persons and 1.5 wage earners. (See table 1.)

Chart A. Percent distribution of total average expenditures in Los Angeles, 1999-2000



* Includes alcoholic beverages, personal care, reading, education, tobacco & supplies, and miscellaneous goods and services.

¹ See Technical Note for definition of a consumer unit. The terms consumer unit and household are used interchangeably throughout the text for convenience.

The percentage of the total budget spent by a typical Los Angeles household for food, housing, and transportation was 66.5 percent, slightly above that spent by an average U.S. household at 65.1 percent. In comparison to the eight other metropolitan areas surveyed in the West region, only households in San Diego and San Francisco spent a larger percentage of their budget, 68.1 and 67.0 percent, respectively, on these three categories than did those in Los Angeles. Households in Honolulu, on the other hand, had the lowest expenditure share at 61.1 percent. (See table 2. Geographical boundaries of the region and metropolitan areas referenced in this release are contained in the Technical Note.)

This report contains annual data averaged over a two-year period, 1999 and 2000. The data are from the Consumer Expenditure Survey (CEX), which is conducted on an ongoing basis by the Bureau of Labor Statistics (BLS). The Bureau of the Census collects the survey data for BLS. The CEX is the only national survey that provides both complete data on household expenditures and the demographic characteristics of those households. Survey data cannot be used to make cost of living comparisons between areas. Expenditure levels vary among areas not only because of economic factors such as the prices of goods and services and family income, but also because of differences such as the age of the population, climate, consumer tastes, family size, etc. However, expenditure shares (or the percentage of a consumer unit's budget spent on a particular item) can be used to compare spending patterns across areas. (Table 2 presents data for Los Angeles as well as the eight other metropolitan areas in the West region.) Data shown are annual averages per consumer unit. An individual consumer unit may spend more or less than the average, depending on its particular characteristics.

Housing expenses accounted for 37.0 percent of total household expenditures in the Los Angeles area, higher than the national average of 32.4 percent and above expenditure shares for the other eight metropolitan areas in the West. Within the region, Phoenix had the lowest expenditure share for housing at 31.3 percent. The majority (62.2 percent) of a consumer unit's housing costs in Los Angeles went for shelter, which includes mortgage interest, property taxes, repairs, and rent, among other items. Only 13.8 percent of housing expenses went towards utilities, fuels, and services. In comparison, a typical household in the United States spent 58.0 percent of the housing budget on shelter, but 20.0 percent for utilities, fuels, and services. The rate of homeownership in Los Angeles, at 52 percent, was considerably below the nationwide average of 65 percent.

Transportation was the second largest expenditure category in the Los Angeles area accounting for 17.2 percent of a household's budget, which was among the lowest in the region; nationally, transportation made up 19.2 percent of all expenditures. Within the West, Phoenix and San Diego tied with the highest expenditure share for transportation at 21.1 percent and Honolulu had the lowest at 13.8 percent, followed by Seattle at 17.0 percent. Households in Los Angeles-Riverside-Orange County allocated a smaller portion of their transportation budget for purchasing a vehicle than did consumer units nationwide (38.1 versus 46.6 percent), but spent a larger percentage on gasoline and motor oil (18.0 percent) than did those nationally (16.3 percent). Overall, Los Angeles area residents averaged 1.9 vehicles per household, the same as the U.S. average.

Food accounted for 12.3 percent of total expenditures in the Los Angeles area, below the 13.5 percent spent nationally and one of the lowest in the West region. Only households in San Diego spent a smaller expenditure share on food (11.1 percent), while those in Seattle had the highest at 15.0 percent. Consumer units in Los Angeles spent 41.9 percent of their total food budget on food prepared away from home, such as restaurant meals, carry-outs, board at school, and catered affairs, not much different from the nationwide average of 41.7 percent.

Among the other expenditure categories, payments for personal insurance and pensions accounted for 9.0 percent of both the Los Angeles and national household budgets. A Los Angeles household's expenditure share for apparel and services (5.5 percent) was higher than the nationwide average (4.8 percent) and second highest after San Francisco among the metropolitan areas surveyed in the West. On the other hand, Los Angeles consumer units had smaller expenditure shares for both entertainment and out-of-pocket health care costs (4.4 and 4.1 percent, respectively) than did households nationally (5.1 and 5.3 percent, respectively). Within the West region, only San Francisco had lower expenditure shares in these two categories than Los Angeles.

Los Angeles is one of nine metropolitan areas in the West region for which CEX data are available. Data tables are also available for the four Census regions and the nation. Additional CEX tables are offered on the BLS Internet site <http://www.bls.gov/cex/home.htm> in both text and PDF formats. For personal assistance or further information on the Consumer Expenditure Survey, as well as other Bureau programs, contact the San Francisco Information Office at 415-975-4350.

TECHNICAL NOTE

The current Consumer Expenditure Survey (CEX) program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in a wide variety of research by government, business, labor, and academic analysts. The data are also required for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components, a Diary or recordkeeping survey, and an Interview survey. The Diary survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently purchased, smaller items. The Interview survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects data for larger-cost items and expenditures that occur on a regular basis. The U.S. Bureau of the Census collects the survey data.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary survey. The Interview sample is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas of the country.

The integrated data from the BLS Diary and Interview surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, metropolitan area data in this release are not directly comparable to those prior to 1996.

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as a comparative cost of living survey as neither the quantity nor the quality of goods and services has been held constant among areas. Differences may result from variations in demographic characteristics such as consumer unit size, age, preferences, income levels, etc. Users should keep in mind that prices for many goods and services have risen since the survey was conducted.

In addition, sample surveys are subject to two types of errors. Sampling errors occur because the data are collected from a representative sample rather than the entire population. Nonsampling errors result from the inability or unwillingness of respondents to provide correct information, differences in interviewer ability, mistakes in recording or coding, or other processing errors. The year-to-year changes are volatile and should be interpreted carefully.

Some expenditure components are subject to large fluctuations from one year to the next because these components include expensive items that relatively few consumers purchase each year. Thus, shifts from year to year in the number of consumers making such purchases can have a large effect on average expenditures. Examples of these types of expenses are purchases of new cars and trucks in the transportation component, and spending on boats and recreational vehicles in the entertainment component.

The Metropolitan Statistical Areas (MSAs) and Consolidated Metropolitan Statistical Areas (CMSAs) covered by the Consumer Expenditure Survey represent areas designated by the U.S. Office of Management and Budget and are based on definitions in effect as of December 1992. The general concept of an MSA is one of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The following metropolitan areas are discussed in this release:

Los Angeles, California CMSA which is comprised of Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties;

San Francisco, California CMSA which is comprised of Alameda, Contra Costa, Marin, Napa, Santa Clara, Santa Cruz, San Francisco, San Mateo, Solano, and Sonoma Counties;

San Diego, California MSA which is comprised of San Diego County;

Portland, Oregon-Washington, CMSA which is comprised of Clackamas, Columbia, Marion, Multnomah, Polk, Washington, and Yamhill Counties, Oregon and Clark County, Washington;

Seattle, Washington CMSA which is comprised of Island, King Kitsap, Pierce, Snohomish, and Thurston Counties;

Honolulu, Hawaii MSA which is comprised of Honolulu County;

Anchorage, Alaska MSA which is comprised of Anchorage Borough;

Phoenix, Arizona MSA which is comprised of Maricopa and Pinal Counties; and

Denver, Colorado CMSA which is comprised of Adams, Arapahoe, Boulder, Denver, Douglas, Jefferson and Weld Counties.

The Consumer Expenditure Survey also provides data for the four regions of the country as defined by the U.S. Bureau of the Census—Northeast, South, Midwest, and West. Data for metropolitan areas presented in table 2 of this release are part of the West region which includes the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Definitions

Consumer unit - members of a household related by blood, marriage, adoption, or other legal arrangement; a single person living alone or sharing a household with others but who is financially independent; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses - food, housing, and other expenses. The terms household or consumer unit are used interchangeably for convenience.

Complete income reporter - in general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self-employment income, or Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources.

Expenditures - consist of the transaction costs, including excise and sales taxes, of goods and services acquired during the interview or recordkeeping period. Expenditure estimates include expenditures for gifts, but exclude purchases or portions of purchases directly assignable to business purposes. Also excluded are periodic credit or installment payments on goods or services already acquired. The full cost of each purchase is recorded even though full payment may not have been made at the date of purchase.

Income before taxes - the total money earnings and selected money receipts during the 12 months prior to the interview date.

Table 1. Average annual expenditures and characteristics of all consumer units, U.S. average and Los Angeles, CA, metropolitan area, Consumer Expenditure Survey, 1999-2000.

Item	United States Average	Los Angeles
Income before taxes ¹	\$44,299	\$52,776
Age of reference person.....	48.0	47.1
Average number in consumer unit:		
Persons.....	2.5	2.8
Earners.....	1.4	1.5
Vehicles.....	1.9	1.9
Percent Homeowner.....	65.0	52.0
Average annual expenditures.....	\$37,622	\$44,748
Food.....	5,094	5,490
Food at home.....	2,968	3,187
Cereals and bakery products.....	451	455
Meats, poultry, fish, and eggs.....	772	870
Dairy products.....	323	342
Fruits and vegetables.....	510	604
Other food at home.....	912	917
Food away from home.....	2,126	2,303
Alcoholic beverages.....	345	337
Housing.....	12,188	16,550
Shelter.....	7,065	10,293
Owned dwellings.....	4,564	5,958
Rented dwellings.....	2,030	3,828
Other lodging.....	471	507
Utilities, fuels, and public services.....	2,433	2,290
Household operations.....	675	1,429
Housekeeping supplies.....	490	481
Household furnishings and equipment.....	1,524	2,056
Apparel and services.....	1,816	2,450
Transportation.....	7,215	7,701
Vehicle purchases (net outlay).....	3,362	2,933
Gasoline and motor oil.....	1,173	1,383
Other vehicle expenses.....	2,268	2,924
Public transportation.....	412	461
Health care.....	2,012	1,833
Entertainment.....	1,902	1,962
Personal care products and services.....	552	674
Reading.....	153	148
Education.....	633	695
Tobacco products and smoking supplies.....	309	204
Miscellaneous.....	821	1,220
Cash contributions.....	1,187	1,447
Personal insurance and pensions.....	3,393	4,038

¹ Components of income and taxes are derived from "complete income reporters" only.

Table 2. Distribution of expenditures, U.S. average and West region¹ metropolitan statistical areas, Consumer Expenditure Survey, 1999-2000

Item	United States Average	Los Angeles	San Francisco	San Diego	Portland	Seattle	Honolulu	Anchorage	Phoenix	Denver
Average annual expenditures.....	\$37,622	\$44,748	\$55,040	\$47,338	\$44,331	\$43,602	\$41,972	\$53,028	\$41,991	\$46,002
Percent distribution:	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food.....	13.5	12.3	13.5	11.1	12.8	15.0	13.7	13.1	13.1	12.3
Alcoholic beverages.....	0.9	0.8	1.4	0.9	1.2	1.0	1.0	1.1	1.1	1.3
Housing.....	32.4	37.0	35.8	35.9	33.1	33.6	33.6	33.0	31.3	34.3
Apparel and services.....	4.8	5.5	5.7	4.3	3.4	4.4	4.7	4.7	4.7	4.7
Transportation.....	19.2	17.2	17.7	21.1	17.6	17.0	13.8	18.5	21.1	18.1
Health care.....	5.3	4.1	3.7	4.1	4.5	5.8	5.3	4.8	5.2	4.4
Entertainment.....	5.1	4.4	4.2	6.1	6.1	5.3	4.8	6.4	4.9	5.5
Personal care products and services.....	1.5	1.5	1.3	1.4	1.1	1.3	1.7	1.3	1.5	1.3
Reading.....	0.4	0.3	0.4	0.4	0.5	0.5	0.4	0.5	0.4	0.4
Education.....	1.7	1.6	1.8	1.2	1.9	1.4	2.2	1.3	1.3	1.3
Tobacco products and smoking supplies.....	0.8	0.5	0.4	0.5	0.5	0.8	0.5	0.9	0.6	0.7
Miscellaneous.....	2.2	2.7	1.9	1.6	1.9	2.1	2.3	2.4	2.1	2.3
Cash contributions.....	3.2	3.2	1.6	1.7	5.1	2.4	4.6	3.5	3.8	2.4
Personal insurance and pensions.....	9.0	9.0	10.7	9.7	10.4	9.4	11.5	8.4	9.0	10.7

¹ West region includes: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.